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Long-Term Growth in Demand for U.S. Food and Feed

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In this issue:

2 World Demand for U.S. Food, Feed To See Long-Term Growth

5 Okinawa Pineapple Has Edge in Japan, But Cannot Meet Demand

6 World Grain Outlook: Prices and Output To Be Higher

8 Moroccan Citrus Output Attains New High; More Growth Forecast

9 Ecuador's Banana Production and Sales Receive Government Aid By C. Milton Anderson

10 Urban and Farm Areas Both Gain in Dutch Land Consolidation By John A. Williams

13 Crops and Markets

This week's cover:

Pastureland in polder near Ouderkerk is typical of IJssel River farm operations. Dutch land consolidation is resulting in more efficient farms as well as in improved soil and better roads. See article beginning on page 10.

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Carroll G. Brunthaver, Assistant Agriculture Secretary sees 1976 as crucial year for U.S. farmers, with profit margins depending on a number of variable factors.

World Demand for U.S. Food and Feed To See Long-Term Growth

WORLD DEMAND for farm products in 1974 continues to look strong. World stocks of commodities are low and demand has continued to increase. As a result, I think U.S. farmers can look forward to generally strong prices for 1974 crops—even with increased output.

The 1974 Outlook Conference, however, cannot be content with simply examining the picture for 1 year. Farmers are currently weighing long-term investments in land and production technology. Most of our easy gains in farm output capacity have already been made. Most of our extra acres came back into production last year when the set-aside regulations were relaxed to encourage more plantings.

If farmers are going to continue to increase production, most of the gains will have to come through investments in technology. The investments they are considering now will take a longer period to pay off—investments like terracing, irrigation, improving forage stands, and new livestock production systems.

For the long term, the outlook for American farmers is excellent. The world is moving toward fuller use of its agriculture resources—and that has to be good for U.S. farmers, who are the most productive and efficient in the world.

The recent trends in world agriculture support this view.

Perhaps the clearest trend is the rising level of world grain usage. During the past 6 years, world grain use has been increasing at an average rate of about 30 million metric tons a year. This rate is 50 percent higher than the rate in the early and mid-1960's and about equal to the combined yearly wheat crops of Canada, Australia, and Argentina.

Even more important than the size of the annual increase is its consistency. World grain usage has increased substantially in each of the past years.

The reasons behind the consistent demand growth for grain in the world are simply more people and more money.

With increased income, people want to eat better. Particularly, they want to eat more protein and higher quality protein. That means more demand for livestock products.

I cannot emphasize too strongly the importance of this protein equation. It takes far more farming resources to produce protein than it does to produce calories. It takes 3 pounds of grain to produce a pound of broiler. It takes 5 pounds of grain to produce a pound of pork, and 7 pounds of grain to produce a pound of beef. Expensive as it is, however, people are buying more and more high-quality animal protein.

In earlier years, a country with a poor grain crop merely tightened its belt and waited for next year's harvest. Now it goes into the world market and buys grain to tide the nation over.

Russia did this in 1972. Actually, their grain shortfall in 1963 was larger than the one in 1972—but in 1963 they slaughtered livestock and kept their imports down. It took them 5 or 6 years to rebuild their herds. In 1972, they kept their herds and went into the world market for massive amounts of grain for their people and their animals.

In the last 10 years, world grain consumption has increased from 656 million metric tons to 942 million, a 44 percent increase. World exports have jumped from about 95 million tons to 140 million, up 45 million tons. U.S. grain exports have gone from 37 million tons to 69 million.

In other words, nations of the world are using more grain, they are buying more in the world market, and more of what they buy is coming from the United States. The big factor in world grain expansion has been U.S. corn.

Excerpted from speech delivered at National Agricultural Outlook Conference, December 17, 1973.

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The story in protein meal is much the same.

In 1964, the world produced 38 million tons of oilseeds and protein meals (soy-meal equivalent). The United States produced 45 percent of it. In 1973, the world produced 56 million tons, and 51 percent of it came from the United States. Next year, protein production is expected to jump to nearly 66 million tons, with the United States producing 52.6 percent.

The world's food economy is running increasingly on U.S. corn and soybeans.

For 1974, we expect record world agricultural production. However, we also expect record world usage. The consumption-production balance, in fact, will probably continue tight with only a small recovery in the world's very low stockpiles of commodities during 1974. Even if 1974 is above trend in grain yields and stocks recover significantly, I would still expect markets to continue strong at least until we approach the 1975 harvest.

We expect world feedgrain production next year will top this year's record by more than 30 million tons. The United States, the Soviet Union, Australia, and South Africa are all expected to increase their feedgrain production, with the U.S. output up some 20 million tons.

Wheat production is likely to be up by 24 million tons, again with a major share of the increase in the Soviet Union. Canada, the United States, and Australia are also predicting increases.

IT WILL TAKE almost all of these production increases just to supply current world demand. U.S. feedgrain exports will be nearly as large as this year's, and domestic consumption will be higher than this year's. Feedgrain stocks will not be as tight, but they will not be very loose either.

Wheat exports, too, will be large, and wheat stocks carried out at the end of the year will still be tight. Wheat feeding will probably drop again in the United States because of short supply and increased availability of other feeds.

Rice demand will be strong, and carryover stocks will be down again.

Grain stocks in major exporting countries have dropped from a peak of 152 million tons 2 years ago to a current estimate of 100 million tons next July.

Most of the same factors that produced this year's strong farm product demand will still be with us for 1974. Consumers have continued to get more and more income. World livestock herds have continued to build in response to consumer demand. The Soviet Union and the People's Republic of China are still open markets for U.S. farmers.

Devaluation of the dollar is still a factor, too, strengthening the comparative advantage of the American farmer. The world's weather will very probably be better than 1972, but even in normal years some region of the world has weather problems.

The only factor that seems capable of stalling the continued growth in world farm-product demand for 1974 is the oil crisis. An oil-triggered recession in the United States or in a major market like Japan could hold down consumption of farm products.

We have high hopes, of course, that the Middle East crisis can be solved, and the Administration is working around the clock toward that end.

The current economic forecasts indicate little or no growth in our economy, with the first half of the year especially slow—assuming the oil embargo will be lifted by the second half of the year. That would not indicate a sharp cut in U.S. food buying. Some other countries like Japan are more dependent on oil imports, and could conceivably be hurt more.

U.S. Farm Export Markets Shift

In a speech before the National Agricultural Outlook Conference, December 17, David L. Hume, FAS Administrator, forecast U.S. farm exports for fiscal 1974, and predicted a number of changes in export destinations. Excerpts from his speech follow.

Basically, the outlook remains the same as the official estimate of $19 billion approved November 6 by the Outlook and Situation Board, but it is my own view that we can round this figure to $19.3 billion on the basis of anticipated higher prices for soybean oil and meal and livestock and products.

Gains are forecast in all commodity categories except dairy products, with price by far the major factor.

We expect grain and feed exports to reach or perhaps exceed $10 billion, an increase from last year of close to four-fifths, and representing more than half the total value of agricultural exports. Nearly all the increase will come from price. Wheat volume may be down very slightly, from 1.188 billion bushels last year to 1.175 billion, but price will push export value to $4.7 billion, compared with $2.4 billion last year.

Feedgrain volume is expected to be up about 6 percent, to 37.7 million metric tons, with a total value increase of about 70 percent, to near $3.9 billion.

Rice exports are expected to be up slightly, to 1.9 million metric tons, but prices are likely to average more than double last year's.

Exports of oilseeds and products are forecast at about $4.7 billion, a third more than last year, despite the expectation that export volume will be at about the same level as in fiscal 1973. Soybean volume is expected to drop slightly, to about 500 million bushels.

Cotton shipments are estimated to exceed last year's 4.7 million bales by over a million bales, with value increasing by about two-thirds, to almost $1.3 billion. The shortage of oil, the primary raw material for synthetics, can be expected to accelerate the strong demand for cotton.

We expect livestock and meat product exports to be up about 10 percent, to $1.3 billion, despite a drop in lard exports.

Those are the big four—grain and feeds, oilseeds and products, cotton, and livestock and products—from which we expect to get $17 billion of the $19.3-billion export return.

Among the remaining commodities, exports of fruits and vegetables should be up by 20 percent to about $950 million; we estimate tobacco exports to expand slightly to a little over $660 million; poultry to be up about 20 percent to $117 million; sugar and tropical products up 12 percent to about $250 million, and dairy exports down more than two-fifths to $43 million.

A look at commodity destinations

Continued on page 12

If the oil problems do have a sharp economic impact, however, the U.S. farmer's competition is likely to be hurt worse than he is. In the first place, our farmers have been given a very high priority on available energy supplies.

Farmers in other countries are likely to run short of fuel and fertilizer before we do—and if production is cut back prices will rise. Also, some oil-based synthetics are likely to be cut back sharply—such as synthetic fibers and protein produced from petroleum.

On balance, I do not expect the U.S. farmer to be seriously hurt by the oil shortage in 1974.

FORECASTS FOR THE FUTURE:

• Farm production will not increase as fast in the future as some people have thought. Future increases will not be cheap or easy. Almost all of our productive farm acres are already in production—either row crops or forage for livestock. Future increases will have to come through investments in technology—better seeds, more potent fertilizers, better processes, new equipment.

The Economic Research Service recently projected that we could, by 1985, be producing 50 percent more feedgrain, one-third more soybeans, 30 percent more cotton, 4 times as many peanuts, and 44 percent more beef cows.

I think they could be right. We could, but only under their assumed conditions. That study assumed incentive prices for farmers for 12 straight years! It assumed a very favorable net profit ratio similar to $2.75 corn and production costs about 5 percent above last year.

I think consumers can take comfort from this production potential. We will have no shortage of food to eat.

Farmers can take comfort from the fact that we would not produce that much unless conditions were very favorable for farmers. I doubt that we will have incentive prices every year for the next 12 years—though I think farmers will have incentives in most of the next 12 years.

• Weather will continue to vary and affect agricultural production and world trade. But, even with the recent weather problems, we have had 3 good corn years in a row in the United States. Russia has had 4 or 5 good years in a row in her risky New Lands. India's monsoon fails on the average once every 5 years. Weather will continue to be a problem somewhere in the world almost every year, bringing different nations into the world market for farm products.

The "Protein Principle" will continue to boost world farm product demand.

The Soviet Union is putting very great emphasis on improving total meat availability for their people.

The Soviets told me on my recent visit that it costs them about as much to produce a pound of poultry meat as a pound of red meat. They are tremendously interested in improving broiler efficiency and cannot do that without high-quality feed rations.

Our experts on the Russian economy see no way that the Russians can achieve their target livestock growth without significant imports of feedstuffs in most years. In the last 3 years, Russian feedgrain imports have averaged 5 million metric tons.

China has one-fourth of the world's population and their current standard of living is extremely low. However, they are developing technology, and buying it from outside countries. We can expect slow but steady growth in the Chinese economy and the Chinese standard of living. It would presumably take about a million tons of grain a year to provide the Chinese population with a pound of poultry meat per person.

The Japanese told me recently they currently consume about 350,000 metric tons of beef a year. They want to increase this to 800,000 tons by 1982 or possibly sooner. That is going to mean increases in both feed usage and meat imports.

One of the big Japanese trading companies is currently looking for long-term commitments from the United States on whole broilers. They expect Japanese per capita poultry consumption to double again in the next few years. They have already had to move their own broiler operations from the big island of Honshu down to the southernmost island of Kyushu because of pollution problems and labor costs.

Land costs may have affected their decision, too.

A demonstration beef feedlot was recently set up on a Japanese hillside. The land cost $80,000 to buy—and $120,000 to level. Feeder steers to stock it cost $530 each and their total production cost was $880 per steer. Obviously, the cost structure of livestock production in Japan is very high—which means opportunity for U.S. producers.

• The burden of carrying the world's food and feed reserves will be shared more equitably. The Commodity Credit Corporation of the United States is no longer the world's stockpile, and the past 2 years have vividly impressed that fact on commodity buyers and sellers around the world.

U.S. exporters know they cannot rely on CCC stocks or an export subsidy to provide working stocks and price protection. If they want to sell grain they will probably need to own more grain than in the past. Food importing nations are taking new interest in building reserves to protect their peoples' food supplies. All of these interests have a new incentive in sharing the costs—and advantages—of reserves.

That is why the Japanese are buying cotton from the 1975 crop, and the Taiwanese have signed 3-year commitments with exporters for grain and soybeans. That is why U.S. farmers are getting more and more forward bids for production.

One tangible benefit for U.S. farmers is that during future periods of stock-building, these buying interests will be competing for stocks. In the past, they have let the stocks flow into the CCC at support prices.

• Access to supplies will be a more important part of future trade negotiations. The world is facing a demand explosion, with more and more people bidding for the available supplies of all kinds of resources.

EXPORT EMBARGOES and rationing of export supplies are becoming as bothersome as tariffs and import levies. Open trading is the fairest way to share these scarce resources, and while little attention has been given to supply access in the past, this could become one of the more important items of negotiation in the future.

• U.S. farm exports—which have bailed out the dollar in the last 2 years—will continue to lead our economic resurgence. In the first three quarters of 1973, farm exports accounted for nearly one-third of the value of this country's exports. In that period, our trade deficit was only $144 million—compared with more than $5 billion in the first three quarters of 1972. Our nonfarm trade balance improved by $600 million this year—and our farm trade balance improved by $4.3 billion. It is easy to see that without our farm exports the U.S. dollar would be in extremely serious trouble around the world.

Continued on page 12

Okinawa Pineapple Has Edge in Japan, But Cannot Meet Demand

GROWING consumer demand for pineapple in Japan should provide strong incentive for the Okinawa pineapple industry. Since 1972, when Okinawa once again became a political unit of Japan, there have been no trade or tariff restrictions on products moving from the Okinawan Islands to other Japanese islands. But for foreign products entering the Japanese market, there is a 20 percent duty on fresh or dried pineapple as well as quotas and higher duties on imports of canned pineapple and pineapple juice.

In the past 10 years, annual consumption of canned pineapple in Japan has risen from about 23,000 metric tons in 1962 to 66,500 in 1972. Per capita consumption has almost tripled as population and incomes have grown. With the Okinawan industry unable to meet this demand, import quotas have inched upward. But per capita conumption still is below the levels that could be anticipated if the quantitative import restrictions were eased further and if the duty were trimmed or removed.

Total Japanese imports of canned pineapple have increased from about 15,400 metric tons in 1968 to 25,000 tons in 1972. The major suppliers of the Japanese market are Taiwan, the Philippines, Malaysia, Thailand, and—to a lesser degree—the United States.

Okinawan production does not account for a majority of the total Japanese supply of fresh pineapple. Despite extensive trade and tariff protection, the Okinawan industry has been unable to increase annual yield, or to change the bell-like shape of the native species that makes it inefficient for canning purposes. As a result, Okinawa has been unable to take advantage of the rise in Japanese demand.

The Japanese Government currently maintains a temporary 55-percent duty on imports of canned pineapple. In addition, quantity limitations are imposed on both canned pineapple and pineapple juice imports. But pineapple products moving from Okinawa to other Japanese areas are free both of duty and of quantity restrictions.

Despite the high duty, canned pineapple imports from places other than Okinawa have increased as the quotas have increased. Imports of canned pineapple with sugar added rose by 58 percent—from 15,289 metric tons in 1968 to 24,152 metric tons in 1972, while imports of canned pineapple without sugar, rising from a much lower base, rocketed by 446 percent from 68 metric tons in 1968 to 371 metric tons in 1972.

Juice imports, too, have increased. Volume rose by 25 percent between 1968 and 1972—from 73,000 gallons to 91,000 gallons. The major supplier of pineapple juice—other than Okinawa—is the Philippines.

Since quantity restrictions on imports of fresh pineapple were removed in 1961, Taiwan has been the principal source, supplying 88 percent of the market.

"Per capita consumption (of canned pineapple in Japan) has almost tripled in the past 10 years as population and incomes have grown. . . . Import quotas have inched upward."

Imports of fresh pineapple from places other than Okinawa gained by 244 percent between 1968 and 1972—the period in which quantity restrictions on canned pineapple were eased—from 20,690 metric tons to 71,247 metric tons.

While the Taiwanese share of the Japanese pineapple market has been increasing, the U.S. share has been declining. The c.i.f. price of U.S. pineapple in Japan is about 15 percent higher than the price of the Taiwan product. Imports of fresh pineapple from the United States have declined sharply in the past few years—from 854 metric tons in 1968 to only 38 metric tons in 1972.

Okinawan pineapple yield has not changed significantly in the past 10 years. In good growing years, it has been about 10 metric tons per acre, and in less favorable years it has dropped to about 8.5 metric tons.

There are about 5,300 growers, working about 13,500 acres of pineapple, in the Okinawan islands. Average acreage of pineapple farms increased from 1.16 acres in 1960-61 to 2.61 acres in 1969-70.

The Okinawan pineapple industry consists of 12 companies operating 99 lines of production—55 on Yaeyama and 44 on Honto. The number of companies is steadily decreasing. Four years ago, there were 21 companies, operating 23 plants. Now, it seems likely that 4 of the 12 existing companies will merge within the next 4 years.

What does the future hold for the industry? There are three major problem areas: Horticultural, structural, and environmental. The industry so far has not been able to change the characteristic bell shape of the Okinawan pineapple, which results in excessive waste in the canning process. Its average size is about half that of the average Hawaiian pineapple. Improved plant varieties would, of course, strengthen the Okinawan industry position, but there is a reluctance on the part of other countries and other growers to supply a sufficient quantity of plants (slips or crowns) of improved varieties needed to make a significant change in yields.

Farm sizes, although increasing, are still too small to allow for efficient labor-saving methods. Similarly, the processing sector of the industry is hampered by a lack of modern, efficient equipment. Two or three up-to-date plants could easily handle the output now processed by the existing 21 small plants.

Pollution difficulties, too, are a problem for the processing industry. To meet this challenge, the Ministry of Agriculture and Forestry is planning to subsidize about 60 percent of the total $3.4 million cost of two modern pineapple waste plants. Edible wastes will be processed into frozen concentrated juice, and peelings will be converted into animal feed. Thus, the waste disposal problem will be alleviated and farm productivity will be increased.

—Based on dispatch from
Office of U.S. Agricultural Attaché
Tokyo

World Grain Outlook: Prices And Output To Be Higher

FARMERS IN ALL major producing countries will increase output of all grains in the next few years in response to current prices, according to Otto E. Lang, Minister Responsible for the Canadian Wheat Board. World grain prices in coming years are likely to average higher than in the past, he forecast, because of lower commercial inventories and currency realinements, as well as to maintain fair farm incomes.

"After 1973—What Next?" was the topic of Lang's keynote address at the World Grain Seminar, sponsored by the Canada Grains Council in Winnipeg in late October. The Seminar included participants from Canada and other countries, who reviewed the world grain picture today and its impact on future grain trading patterns.

Sketching a possible global scenario to 1980, Lang predicted that grain inventories will begin to rebuild, barring simultaneous crop failures in producing countries. But stocks are not likely to reach past years' high levels unless a jointly financed international food reserve is developed.

Lang indicated that Canada was prepared to move in the direction of an international food reserve, but continued "we have found some nations are reluctant to share the cost." Canada has carried approximately 40 percent of the total world wheat inventory for a number of years at the country's own expense, he indicated.

Demand for feedgrains and oilseed meals should continue to outpace demand for foodgrains, he projected. With better balance between wages and meat prices, some slowing of meat demand could occur, although meat prices will continue under upward pressures. Grain supplies are likely to fluctuate, with at least one major downturn in price before 1980.

Seed protein products are likely to play an increasing role in meeting protein food needs in both developed and developing countries, Lang continued, and potential is good for utilizing proteins from a number of Canadian crops such as wheat and rapeseed.

In assessing the future world grain situation, Lang said "history is of limited value because of variables such as government policies, consumer preferences, and exchange rates—all changing." But major factors in ensuring adequate world food supplies and fair market returns for farmers include world price stability and world agreements on storage.

Analyzing the world grain situation and outlook this year, most seminar participants agreed basically with the thesis advanced by John H. Parotte, executive secretary of the International Wheat Council, London.

Supply and demand for wheat in the current crop year will be in balance, if no unfavorable developments occur, Parotte asserted. He indicated that world wheat export availability for the July 1973-June 1974 crop year could range between 63.5-67.5 million tons, with current prospects favoring the higher figure. Import requirements could be between 64-65 million tons, he said.

Sartaj Aziz of the United Nations Food and Agriculture Organization (FAO) pointed out, however, that this level of imports will curtail already low wheat stocks by an additional 7 million tons, according to a review by FAO's intergovernmental group on grains. Carryover stocks of coarse grains could also face a further decline at the end of the season, he said.

For 1974-75, Aziz reported that good crops in producing countries could allow some stock rebuilding and softening of prices. On the other hand, even if there are no major crop failures in 1974-75, stocks will be too low to provide food security.

Chief Commissioner of Canada's Wheat Board, G. N. Vogel, agreed with the International Wheat Council's supply assessment. Even if North American carryover stocks are drawn down to minimum levels, he said, grain supplies will be very, very tight before the end of the crop year.

With world population increasing by 75 million people annually and improved living standards, world grain production in 1974 needs to be at least a billion bushels larger than the record crop of 1973, Vogel said. If high prices reduce consumption and lower living standards, grain needs could be somewhat lower. And because of upward currency revaluations in many developed countries, higher prices may not adversely affect demand as much as expected.

If 1974 crops develop favorably, Vogel continued, stockpiling tendencies could lessen and more food will be available for consumption. Conversely, if 1974 crop prospects in any major producing area are unfavorable, stockpiling may accentuate and further tighten the supply available for consumption this year.

Richard J. Goodman, associate administrator of the Foreign Agricultural Service, USDA, emphasized that there is a need as never before for up-to-the-minute crop and trade projections based on the best available current data, if the world agricultural community is to fulfill its role as the basic institution of life. With grain supplies tight, he said, agricultural decisions by governments and by individuals can have a profound effect on the quality of life, and in some cases, even on life itself.

Discussing the effect of monetary changes on world trade, Goodman commented that these influences have been confused by inflation, by nontariff import barriers, by export subsidies, and by the fact that, in the current situation, price seems to have a minor bearing on effective demand.

TO MEET WORLD food needs, Goodman said, the United States is interested in working with other nations and international organizations to develop new approaches to food security and food aid, to find ways to assure dependable supplies, and to share the obligations and burdens involved.

Price developments of grains were analyzed by A. P. van Stolk, Koninklijke Connissiehandel, Rotterdam. He contended that current monetary developments are generally part of a "blow-off" phase of a major economic cycle that could continue for some time. For grain markets, this will probably mean a continuation of widely swinging price movements. As long as the current monetary situation continues, the trend of the swings will be upward, interrupted periodically by downward corrections.

As long as world grain production does not increase by more than 3.5-4 percent a year, average price levels will rise, he said. Wheat production of 335-400 million tons in 1974—sufficient to meet demand—could result in a reduc-

tion in the price differential between wheat and corn—now nearly $100 a ton on international markets.

Although changed currency relationships since 1971 have affected grain prices, this influence has been modest compared with other factors that have pushed up commodity prices, according to Duncan Ridler of the International Monetary Fund. Price increases have resulted from stronger raw materials demand, as part of a cyclical upswing in economic activity, and from an unusual combination of events that tightened supplies of several major commodities.

In grain-importing countries, Ridler said, the current state of the market indicates that authorities will scrutinize needs more carefully this year, and pay closer attention to the timing of purchases. It may be more difficult to get firm advance indications and purchase authorizations on large commercial transactions. Because of the unsettled conditions of grain markets during the past year, governments will increase efforts to economize needs, stimulate domestic supply, and will negotiate carefully on terms.

Focusing on wheat—Canada's major grain export—C. O. Swartz of Northern Sales Ltd., Winnipeg, warned of dire consequences of a one-crop economy in Canada. Emerging patterns, he said, include Canada's declining wheat business with traditional customers and growing dependence on Russia and the People's Republic of China (PRC). Since these two countries are already among the largest producers, their self-sufficiency is likely to increase.

Swartz pointed out that the original European Community (EC) countries are buying 55 percent less wheat from Canada than they did in 1960. The United Kingdom has decreased wheat purchases to 45 percent of 1960 levels; other West European countries are buying about a third as much. East European sales have also dipped about 30 percent.

Bright spots in Canadian sales patterns have been Western Hemisphere countries and Asian countries other than the PRC and Japan. These groups of countries have increased purchases between 30 and 50 percent since 1960, and today represent 11 percent of total sales, he said.

The potential for increasing agricultural production in Canada, while stabilizing both prices and farmer incomes, was outlined by Canada's Minister of Agriculture Eugene F. Whelan.

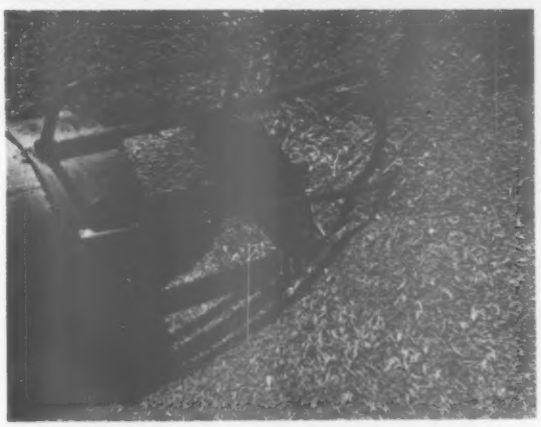
FOR BEEF CATTLE, production could increase by about 19 million head by putting land now idle into production and upgrading pasture and hay crops. Handling the present cattle population of 11.4 million head in the best possible manner could increase productivity by about another million head, he said.

Wheat output could rise to a billion bushels annually, given good weather and using optimum management techniques—the best seed, fertilizer, pesticides, and herbicides. Yields could reach 34 bushels an acre. Similar gains could be made for barley, oats, and oilseeds.

Egg production in Canada could expand by 20 percent without adding even one hen by applying modern technology. Milk output could be doubled, just by getting cows to produce 16,400 pounds a year. Potato yields could be doubled.

Although more land could be put into production in Canada, Whelan continued, a tremendous investment will be required and risks are high. Forage and beef could be produced in the Slave River Lowlands and forage crops would thrive in the entire Peace River region.

Canadian farmers know how to increase production, Whelan emphasized. But today's price uncertainty hinders all-out expansion. The problem is to provide farmers with reasonable income and long-term confidence in markets to reach this potential. And in Canada, where 30 percent of farm production goes to export markets, the challenge is one that should be shared by our customers, he said.



Saskatchewan farms, such as the one shown above, supply substantial tonnages of wheat for export as well as for the Canadian market. Left, power auger helps speed movement of grain from farm to transport or storage. Canadian wheat farmers could produce 1 billion bushels annually, given good weather and efficient management techniques. But the risks are high, due to price uncertainties and the huge sums of investment capital required.

Moroccan Citrus Output Attains New High; More Growth Forecast

MOROCCO'S 1972-73 CITRUS crop reached unprecedented heights largely due to unusually mild weather which resulted in a longer growing season. Forecasts at this time for the 1973-74 crop are about the same as those for last year.

According to the Moroccan Office of Commercialization and Exportation (OCE), the 1972-73 citrus crop reached 1,012,619 metric tons. Although OCE has no official acreage estimates, the Association des Producteurs d'Agrumes du Maroc (ASPAM) puts acreage at more than 184,000 acres compared with 163,000 acres previously estimated.

The top four varieties produced in the 1972-73 crop in metric tons were: Valencia 399,000; clementines/monreals 214,000; navels 171,000; and sanguines 112,000. Other varieties included: Salustianas 55,000; Wilkings 37,000; grapefruit 17,000; and lemons 8,000.

In the big outturn for 1972-73, the major disease problem continued to be "brown spotting" which annually affects 20-25 percent of the export crop. Cool weather early in the growing season reportedly favored this disease, and some nematode infestation also was observed.

Prospects for the 1973-74 crop also are favorable. Initial crop forecast by ASPAM is 1,004,600 metric tons, and quality and size reportedly look good thus far. However, tonnage by variety may be altered somewhat as a trend toward mandarin varieties is developing. For example, clementine production is expected to be up 10-15 percent in 1973-74 to 186,500 tons, while orange production is expected to be slightly lower than last season. Early oranges are believed to be suffering somewhat from extended warm weather, which also delayed coloring of the fruit.

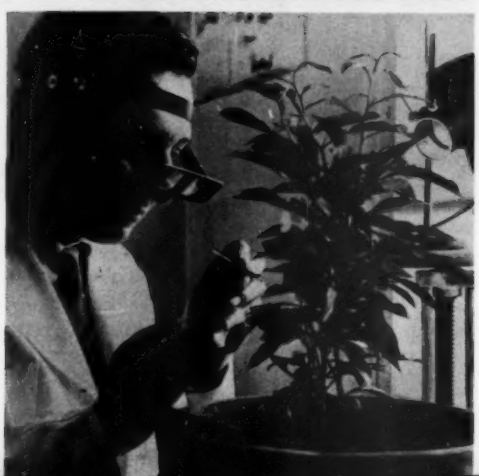
Another change in Moroccan citrus production is the ban on Wilking mandarin variety since last spring. Present trees may be overgrafted or uprooted completely and replaced with approved varieties. If overgrafted, production of new varieties would be coming on the market in about 3 years, whereas uprooting would mean production from new plantings would not be forthcoming for 5-6 years. In 1973-74, therefore, output of the Wilking mandarin is forecast at only 15,000 tons, compared with 36,000 in 1972-73.

In an effort to force clementine fruit to set on a more regular basis Morocco is employing extended use of gibberellic acid. Various efforts are also underway to reduce spotting, which annually cuts into the quantity of fruit available for export.

Once again preharvest credit advances are being given to producers on the basis of the producer's declaration of estimated tonnage and production history during the past 2 years.

Another development in the Moroccan citrus industry is the Government takeover of some large citrus groves owned by foreign nationals. Under the land reform program, former owners will benefit from the 1973 crop, but not thereafter. Such land in the future will be operated by an official agency under the direction of the Moroccan Ministry of Agriculture.

In marketing Morocco's large harvest from the 1972-73 citrus crop, stiff competition was encountered from Spain, and to some extent, Israel. But, citrus remains Morocco's leading agricultural export commodity, accounting for 14 percent of total Moroccan exports, while all agricultural exports account for about 40 percent of total exports. Exports of mandarin varieties increased notably, with clementines rising to 142,000 tons from 86,000 in 1971-72.



Orange picking in the Gharb region of northwest Morocco, top, a major citrus producing area. Right, technician in Rabat artificially infecting citrus tree to study disease control.

PRICES FOR DOMESTIC use and exports went down during 1972-73 as supply exceeded demand, except for salustiana and seedless clementines.

A key event in the current marketing season, which began in October, is the first clementine shipment to the United States under an agreement between the OCE and a U.S. firm, resulting from the visit of an ASPAM/OCE team to the United States in late 1972. Up to 10,000 tons are expected to be shipped beginning in mid-November 1973 with a USDA plant protection inspector on hand to assure compliance with U.S. plant protection regulations. If the op-

Continued on page 16

Ecuador's Banana Production and Sales Receive Government Aid

By C. MILTON ANDERSON
U.S. Agricultural Attaché
Quito

ECUADOR IS THE WORLD'S largest banana exporter but not the world's largest producer, a situation the Government is trying to correct through improved banana yield and quality. Efforts also are underway to stimulate export sales, both traditional and untapped markets.

The Government's keen interest in improving Ecuador's banana production is due to that crop's high foreign exchange earnings—36 percent during 1972 for shipments totaling 1,377,383 tons valued at $109 million. During 1973, exports may reach 1.5 million metric tons, and with somewhat higher unit values, will probably earn $125 million, compared with $75 million from all other agricultural exports—mainly coffee, cocoa, and sugar.

For the first time in 1973, foreign exchange earnings from crude oil will exceed those from bananas, and perhaps from all of agriculture, but bananas will remain the principal agricultural export crop.

Until the mid-1960's the United States was the leading market for Ecuadorean bananas, taking as high as 60 percent of the total some years. By 1972 only 15 percent of a somewhat larger volume came from Ecuador. U.S. importers now make most of their purchases from Costa Rica and Honduras. During the mid-1960's Ecuador was able to offset the U.S. loss by expanding sales to Western Europe, especially West Germany.

ECUADOR: BANANA EXPORTS TO COUNTRIES BY REGION, 1969-72
[In 1,000 metric tons]

Country	1969	1970	1971	1972
North America:				
United States	315.9	339.8	289.9	307.0
West Europe:				
Austria	—	.9	.2	.2
Belgium/Luxembourg	59.9	58.9	76.9	79.7
Finland	1.8	.1	—	—
France	5.8	15.8	3.4	(1)
Greece	.9	—	.5	14.2
Holland	32.4	22.1	33.0	69.8
Ireland	8.6	9.4	7.9	.5
Italy	65.2	47.8	46.3	41.6
Malta	—	—	.1	.1
Poland	1.3	1.8	1.6	.8
Sweden	—	—	.6	—
Switzerland	—	—	.4	—
United Kingdom	—	3.2	1.2	—
West Germany	227.8	183.5	210.3	151.1
Yugoslavia	28.8	26.5	21.0	21.1
Total	432.5	370.0	403.4	379.1
East Europe:				
Bulgaria	2.1	.4	.9	2.5
Czechoslovakia	21.8	21.4	14.9	19.7
East Germany	31.0	23.5	32.8	72.6
Hungary	1.1	14.5	7.6	16.8
USSR	12.4	9.3	13.0	13.6
Total	68.4	69.1	69.2	125.2
South America:				
Argentina	5.9	1.5	1.4	1.4
Chile	82.0	70.1	91.3	66.8
Mexico	—	—	32.5	—
Peru	—	—	(1)	—
Uruguay	.1	—	—	—
Total	88.0	71.6	125.2	68.2
Africa:				
Libya	8.5	18.2	15.5	10.2
Morocco	—	—	.7	5.1
Total	8.5	18.2	16.2	15.3
Asia and Oceania:				
Iran	—	—	—	4.8
Japan	266.8	482.2	432.2	445.6
New Zealand	9.4	13.1	14.5	24.2
South Korea	—	—	.1	1.5
Total	276.2	495.3	446.8	476.1
Grand total	1,189.5	1,364.0	1,350.7	1,370.9

[1] Less than 50 metric tons.

SINCE 1970 Japan has become the country's most important market. Ecuador often has been referred to as the world's largest marginal supplier of bananas. If the term is appropriate, it would be with reference to Japan which purchases from Ecuador only the deficit it cannot obtain from its traditional suppliers, the Philippines and Taiwan.

Within South America, Chile holds the distinction of being the largest consumer of Ecuadorean bananas as well as the last country to discontinue buying bananas in bunches. Ecuadorean sales by region and by country are shown in the accompanying table.

Although over 30 Ecuadorean firms are actively exporting bananas, only five account for more than 80 percent of the export total. Of these five, only two firms are the principal U.S. suppliers, while sales to Japan are distributed among more than half of Ecuador's exporting firms.

In addition to fresh bananas, Ecuador also exported dehydrated bananas with sales totaling 2,015 metric tons during 1972, compared with 1,957 tons for 1971.

To beef up Ecuador's banana production and strengthen its export markets, the Government of Ecuador embarked on a 5-year development plan in January 1973 which calls for $33 million to be invested in a bananas program. The plan's objectives are twofold.

One aims at regulating the production area by giving consideration to those

Continued on page 12

Urban and Farm Areas Both Gain In Dutch Land Consolidation

By JOHN A. WILLIAMS
Assistant U.S. Agricultural Attaché
The Hague

THE DUTCH, who have been realloting and consolidating farmland since the early 20th century, have refined their land reclamation schemes for maximum efficiency, and work is accelerating on numerous projects that benefit city dwellers as well as farmers.

Netherlands land reclamation began with small groups of farmers trying to reallot acreage from badly fragmented farms to achieve better land utilization. Farms had become fragmented through generations of inheritance. Early generations divided their inherited land lengthwise until the strips became so narrow that this was no longer feasible. Then, succeeding generations cut the long, narrow strips breadthwise. The results of these practices were a profusion of scattered plots, often long distances from farm homes.

Farmers attempting reallotment soon realized that no schemes could be meaningful without soil improvement, water control, and general restructuring. Consolidation projects got their first official boost when the Land Consolidation Act of 1924 was developed. Under this Act, the Government made grants for rural development.

The Land Consolidation Act has been amended a number of times and out of it has grown two distinct methods of land reform. These methods are land consolidation by agreement, and statutory land consolidation.

Land consolidation by agreement, the simpler form, is carried out by a group of landowners voluntarily joining their plots of land and redividing them according to an agreed plan. This form of reallotment has proved feasible only for small groups of properties entailing little of the technical work of recutting drainage ditches, building new roads, relocating farms, transferring titles, and creating recreation areas.

Statutory land consolidation schemes, on the other hand, incorporate some or all of these. They involve large land areas and are undertaken after a two-thirds favorable vote by the landowners. They also include upgrading roads and water courses, altering water and electrical supplies, creating recreational facilities, dispersing population centers, and landscaping for a number of environmental purposes.

Family farms (above) are reassessed in the reform process. Livestock (right) are limited in numbers per acre, due to soggy soil.

FREQUENTLY, land for consolidation projects is bought by the Foundation for the Administration of Agricultural Lands from farmers prepared to leave farming or wishing to relocate in new polder areas. In such areas as the new polders of Lake IJssel, up to 50 percent of new agricultural land is made available to farmers affected by land consolidation schemes.

The land purchased by the Foundation is then incorporated with other small holdings making more viable economic units. This policy has added impetus to the program of enlarging farm holdings on the older polders undergoing consolidation. Often these polders are centuries old and, in addition to fragmentation, have antiquated water control and road systems.

For example, following heavy rains, excesses of water often make major areas of polder land inaccessible. In some cases, cattle must be stabled and crops of hay are lost. Also, because the soil is soggy, cattle tamp down the turf. Therefore, livestock density per acre must be kept low.

Further, the narrow, winding, dike

roads, which frequently are poorly paved or even unpaved, cannot accommodate normal traffic, much less the larger agricultural traffic, such as bulk feed trucks, milk tank trucks, and farm machinery.

The statutory land consolidation scheme begins when an application, filed with the Provincial Authority by a farm organization, polder board, group of provincial or municipal authorities, or one-fifth of the registered landowners, is approved and placed on the national list of consolidation projects for detailed consideration.

Next, the Government Service for Land and Water Use surveys the area and organizes a preparatory committee of locally prominent farmers who compile a report on soil conditions and economics of the area, including land ownership and use, leasing arrangements, and social problems. This report also recommends improvements, suggests implementation proceedings, and estimates costs.

The approved report is held by the Town Clerk for 1 month to allow for the filing of objections. Following this, the Government Service for Land and Water Use holds meetings to discuss points of difference. When differences are ironed out, all registered landowners vote on the final plan.

Once the plan is approved, the Provincial Authority appoints a committee of local citizens, a land surveyor, and one or more experts to execute the scheme, and the District Court appoints an examining magistrate to see that all activities comply with local laws.

The actual consolidation is a three-part process. First, the nature and extent of property claims are listed as a basis for reallotment. Second, and most important, property is evaluated. Local citizens assess the value of each parcel according to an established classification system, considering size, fertility, water control, and accessibility. Finally, the land development companies come in and do the redevelopment work.

Landowners may voice objections at any point during planning or implementation of the consolidation scheme.

When work is completed, land is reapportioned as fairly as possible, taking into account least parcels per farm, shortest distance between farm and home, and farmers' preferences as they relate to the total scheme in location of property, roads, and waterways.

After any disputes are settled, new deeds are drawn and registered.

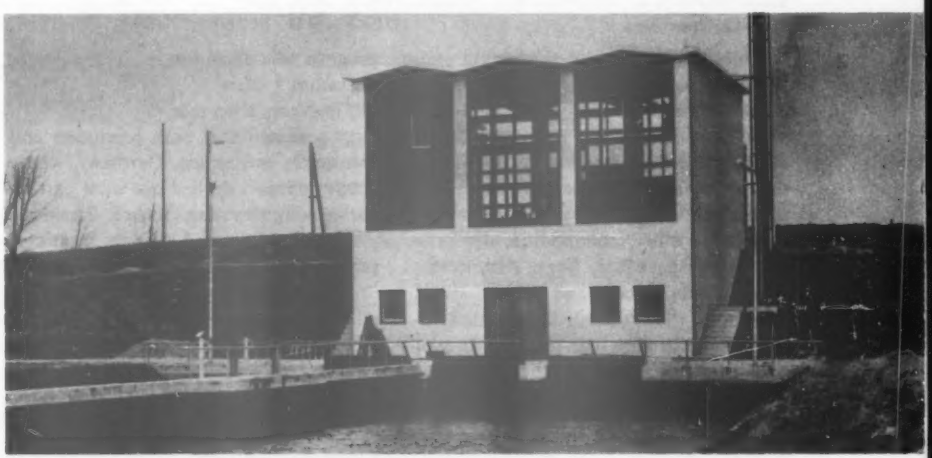
Every year, consolidation is started on about 123,500 acres. The total reallocation process takes some 8 years to complete and nearly a million acres are under consolidation at any given time.

IN ADDITION to reallocating land, the land Consolidation Act provides for landscaping to be included in every scheme. Originally, lining new roads with trees and planting trees around farmsteads was considered sufficient landscaping. Today, however, landscapes are planned to preserve historical features and create new ones. Natural areas are protected as much as possible and recreational facilities, such as bicycle and foot paths; picnic, swimming, and rest areas; camp grounds; and soccer fields are being created.

The schemes also have facilitated building new national and provincial road systems, consolidating and reorganizing drainage districts, and laying of utility services below ground. The Act provides for a maximum of 5 percent of the land under consolidation to be allocated to public use, providing benefits to the urban, as well as the rural, population.

In recent years, land reform has also been spurred by the need to relieve overpopulation in the urbanized Randstad Area, (Utrecht, Amsterdam, The Hague, and Rotterdam), which attracted a disproportionate number of residents in the postwar years when agricultural employment declined.

The national and local Governments encouraged, through various tax schemes, relocating businesses in agricultural areas. The new network of roads tied into the national network and the new recreational areas have attracted many small businesses to the old polder areas. This, in turn, has led to the development of local service industries, creating a new prosperity.



Commercial land development firms construct new facilities (above) after properties are evaluated. Each landowner then receives back (left) a proportionate share of property within the redevelopd area. Distance between farmer's land and home is reduced in consolidation.

WORLD DEMAND FOR U.S. FOOD AND FEED

Continued from page 4

Farm exports, by keeping the dollar strong, are lowering the cost of living for everyone in the Nation. Without imports, the cost of many of the things we buy would be higher—if we could get them. We import things like coffee and bananas and tin because we cannot produce them ourselves. We import things like oil because we do not produce enough. We import many other things because we can buy them more cheaply overseas. Without the foreign earnings from our farm export sales, we would not be able to import many of these things. Our cost of living would go up while our standard of living went down.

I expect American farm exports to continue making a major contribution to our balance of trade. These exports will help hold down our cost of living by strengthening the dollar.

Fiscal 1974 looks like a very good year. Nineteen seventy-five also looks favorable from what we can see, with more ample world supplies. There should be some rebuilding of stocks in 1975, but with many buyers wanting to protect themselves by holding more stocks.

Nineteen seventy-six will be a crucial year. World stocks may be higher, and we would be coming off 3 years of incentive prices. Profit margins will turn on weather, income growth, and competing production.

Beyond 1976 I have no specifics at all —but I expect a higher level of incentive for farmers than we have had in the past. Without such incentives, I predict the world will not have the farm production it will need.

ECUADOR'S BANANA INDUSTRY AIDED

Continued from page 9

varieties which are higher yielding and better quality, and therefore, more profitable and easier to market.

Officials believe that over half, or in excess of 240,000 acres, of the more than 411,000 acres now devoted to bananas are marginal and should be turned to other commodities—principally oilseeds, cattle, hogs, rice, corn, abaca, citrus, cocoa, and rubber.

About 175,000 acres are planted to the Cavendish varieties; the balance are Gros Michel. Over the next 5 years, the Government plans to reduce the Gros Michel by about 140,000 acres. Producers who voluntarily participate in the plan are authorized monetary compensation. In addition, medium and long-term Government loans at low interest rates are available to producers who transfer into other commodities.

The second major objective of the 5-year plan is a more aggressive export sales policy to maintain traditional markets and open up new ones. Recent efforts include participation in a conference in Costa Rica in June of this year with four other Central and South American countries which together export about 68 percent of the world's bananas. These countries would like to establish an international organization to regulate prices and set export quotas. Although the participants failed to agree, especially on the quotas, some progress was made toward increased cooperation.

The Costa Rica meeting was followed by a conference of both producers and consumers in Bremen, Germany, where position papers spelled out what participating countries most wanted. Ecuador's presentation centered on how to control surplus world production, maintain prices at more remunerative levels, establish quotas, regulate free and preferential trade, and establishment of an international trade statistics center.

Within Ecuador, the Government plans continued aid to the banana industry in a variety of ways. Currently the most important contribution is the Government's phytosanitary program. In addition, Government technical assistance is provided producers, mainly those with limited acreages.

At present a 10 percent ad valorem export tax is applicable which many producers want phased out over the next 5 years, but Government officials maintain that the tax is necessary to carry out Government programs which benefit banana producers.

Finally, the Government plans to conduct studies to find other ways of using surplus bananas, especially those which are low in quality. Already a small factory which processes bananas for feed uses has received Government financial assistance.

U.S. MARKETS SHIFT

Continued from page 3

in this fiscal 1974 export forecast turns up some interesting and significant facts.

It shows U.S. agricultural exports to Asia up by 70 percent, surging well past those to Western Europe to reach almost $8 billion. This is about one-third greater than anticipated shipments to West Europe of about $6 billion, an increase of over 30 percent.

Within the Asian total, Japan probably will become our first $3-billion country market, and the People's Republic of China (PRC) is likely to take $1 billion worth of U.S. agricultural commodities.

PRC purchases will more than offset the expected decline in shipments to the Soviet Union, and will come mainly from increased sales of wheat, soybeans, and cotton, with cotton shipments likely to be about 750,000 bales.

The bumper Soviet harvest is expected to cut back U.S. shipments to that country from $955 million to around $790 million, a decline of 17 percent. At the same time, we anticipate a gain in Eastern Europe of more than 50 percent, to around $700 million.

Two more things struck me about the export forecast by destinations.

One was the spectacular gains estimated for regions of predominantly developing countries—a gain of almost two-thirds to Latin America, three-fourths to Asia outside Japan and the PRC, and more than double to Africa.

The total is more than $6 billion to developing regions, and, as you know, the great bulk of that will be commercial sales for dollars. This seems to me to bear out the predictions of some years' standing that these countries could and would become important markets, and to indicate the potential that is there.

The other aspect that came to mind is that U.S. agriculture this year has an export market in the neighborhood of $2.5 billion in countries that do not now enjoy most-favored-nation trade treatment from the United States. That would be the Soviet Union, the PRC, and most East European countries.

True, these are all managed economies, where the State makes the buying decisions, but that $2.5 billion shows the potential of these markets for agriculture, and indicates to me that they are worth cultivating.

CROPS AND MARKETS

FATS, OILS, AND OILSEEDS

Peru's Anchovy Conditions Better; Limited Fishing Taking Place

A report from Peru says that while there have been delays in publishing results of anchovy fishing surveys, these findings show sea conditions are about back to normal, according to some experts, and there is a gradual recovery, through reproduction, of the anchovies. They calculate the current population of anchovies in the sea at 6-8 million tons, an improvement over early 1973, but only equal to one-third the normal sea stock.

These experts further expect renewed fishing within limits on the entire coast of Peru by March when the Ministry of Fisheries is likely to decide on the scale of commercial fishing for 1974. Sporadic fishing in the south and other selected areas will probably continue from now until March to satisfy local meal and oil consumption needs and to provide information on fishery resources.

Very limited anchovy fishing continued in the south during December 1973.

LIVESTOCK AND MEAT PRODUCTS

Mexican Border Beef Sales Continue Strong

Reports from Mexico City indicate that border sales of Mexican beef, presumably to U.S. tourists, continued at high levels in October. There are no official U.S. import statistics available on these border sales as U.S. tourists are allowed to bring back up to 50 pounds of beef duty free and no records are kept of the importations.

Carcass beef was reportedly selling at Tijuana for 52 cents per pound in late October, compared with a U.S. wholesale price of 64 cents per pound at Los Angeles for good steer beef, based on a 600-700 pound liveweight.

OECD Initiates Study on Footwear And Leather-Related Industries

An ad hoc working party of the Organization for Economic Cooperation and Development (OECD) has adopted a seven-part outline study on the footwear and leather-related industries of the world. Membership includes Canada, Australia, France, West Germany, Italy, Japan, Portugal, Spain, Sweden, Switzerland, and Turkey. The United States has no active delegate in the group.

The study will include data on production, trade, consumption, and prices on hides and skins, leather and footwear. It will also cover information related to the structure of the footwear industry, consumer demand for shoes, industry and governmental policies covering environmental aspects, trade, and other measures which have an impact on the industry.

The tentative time schedule of the group includes a questionnaire to be circulated around January 20, 1974, with first draft of the document to be prepared and circulated by mid-May. This will be followed by a final meeting in October just prior to submission of the report to an industry committee in November 1974.

One point of interest is that all delegates have been invited to submit information on industries in nonmember countries.

Japan To Construct Pork Processing Plant in Korea

Business sources in Tokyo revealed recently that a leading Japanese meat processing firm will process pork on South Korea's Cheju Do Island for import into Japan in partnership with a Korean livestock company. Under the project, which has been approved by both Governments, the venture will set up a pork processing plant which will process 100-150 head of hogs daily for shipment to Japan.

GRAINS, FEEDS, PULSES, AND SEEDS

Netherlands To Buy More U.S. Corn

Trade sources indicate increased Dutch corn usage in animal feeds. Corn now has a lower price relationship with soybean meal, tapioca, peas, and wheat mill feeds. Tradesmen project that from August 1973 through July 1974, the Dutch will import about 3.45 million tons of corn, compared with 1.9 million last year. This increase is mainly expected to be U.S. corn as French corn will go to French local markets, Belgium, and the United Kingdom.

Yugoslav Winter Wheat Area Down

A recent report from Belgrade states that Yugoslav area planted to winter wheat as of mid-November was estimated at only 3.7 million acres, 12 percent below that of 1972 and nearly 990,000 acres under the official projection made in September. The decreased wheat area is attributed to late harvest of corn on socialized farms and a labor shortage in the private sector.

The shortfall in winter wheat area could result in increased wheat imports in 1974, but a judgment cannot be made until prospects for spring wheat planting are known.

Bangladesh To Get Canadian Wheat

Bangladesh, facing a 1.5-million-ton grain deficit in 1974, has procured 180,000 metric tons of Canadian wheat, half under a Canadian grant and half commercially. Additionally, the Canadian Wheat Board has agreed to "reserve" for Bangladesh up to 500,000 tons in 1974, 400,000 tons in 1975, and 300,000 tons in 1976.

The United States, a major supplier of Bangladesh grain for the past 2 years, expects to continue its support at about

the 500,000-ton level. Bangladesh has been procuring some U.S. wheat commercially, including a 300,000-ton purchase in early December 1973.

Japan reportedly is also moving to help close the foodgrains deficit with a "substantial quantity" of rice pledged for delivery in 1974.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Jan. 8	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.33	+ 7	3.35
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	3.05
U.S. No. 2 Dark Northern Spring:			
14 percent	6.42	+17	3.10
15 percent	(1)	(1)	3.16
U.S. No. 2 Hard Winter:			
12 percent	6.25	+ 6	3.01
No. 3 Hard Amber Durum	9.09	− 3	3.03
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.42	+ 7	2.13
Argentine Plate corn	3.77	+ 6	2.36
U.S. No. 2 sorghum	3.39	+ 4	2.37
Argentine-Granifero sorghum	3.36	+ 1	2.35
U.S. No. 3 Feed barley	2.91	+ 4	1.95
Soybeans: [3]			
U.S. No. 2 Yellow	6.90	+25	5.18
EC import levies:			
Wheat [4]	[5] 0	0	.83
Corn [6]	[5] 0	0	.68
Sorghum [6]	[5] 0	0	.55

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

Thais Cut Rice Export Tax

The Thais have recently reduced export taxes on 100-percent white rice from $250 to $150 per 1,000 kilos (2,205 lb.). This action is designed to make Thai rice more competitive with U.S. rice in dollar markets.

TOBACCO

Malawi's Tobacco Auction Sells 66.7 Million Pounds

Malawi's 1973 tobacco auction sales were completed recently with record volume and prices. Over 22 million pounds of flue-cured tobacco was sold at an average price equivalent to 73 U.S. cents per pound. Fire-cured sales totaled 27 million pounds and averaged 33 U.S. cents per pound. Burley averaged 46 U.S. cents for 12.5 million pounds and sun-air-cured varieties totaled 5.2 million pounds and brought 28 U.S. cents per pound on the auction floor.

The continued uptrend in tobacco production is additional evidence that Malawi is quietly emerging as a substantial and reliable producer and exporter of acceptable quality tobacco. In 1972, 53 percent of Malawi's exports were to European Community (EC) countries. The United Kingdom is the principal market for flue-cured leaf and also takes substantial quantities of fire- and sun-cured varieties. The Netherlands is the leading importer of fire-cured leaf, with France and Ireland being the other major EC importers of Malawi tobacco.

Danish Cigarette Tax Increased 4 Percent

The Danish government increased its tax on cigarettes effective from mid-November. The tax increase, part of a larger package, will raise the retail price of cigarettes 4 percent.

The United States supplied 60 percent of the 37.6 million pounds of leaf tobacco imported by Denmark in 1972. The increase in cigarette prices is expected to have little effect on Danish cigarette consumption or raw leaf imports.

Dominican Republic To Make Second Domestic Cigarette

Dominican Republic's only privately owned cigarette company announced recently it was introducing its second all-domestic blend-tobacco cigarette. The first such cigarette was launched at the beginning of 1973 and has been quite successful. Tobacco imports are expected to drop considerably in the years to come if these products continue to sell well.

In calendar 1972, U.S. leaf tobacco exports to the Dominican Republic totaled 366,000 pounds valued at US$1.8 million, almost all of which was cigar wrapper. U.S. blend cigarette-type tobacco exports to the Dominican Republic dropped from 500,000 pounds in 1971, to about 1,000 pounds in 1972.

FRUIT, NUTS, AND VEGETABLES

Danish Hop Imports Decline

Danish imports of hops and hop meal declined 28 percent in 1972-73 to 959,000 pounds. This drop was due to a drawdown of stocks, higher alfa-acid content in the hops, and larger imports of hop extract and concentrated hop meal.

West Germany supplied 91 percent of the total, compared with 55 percent last year. Imports from the United States dropped to 6,600 pounds from 13,000 pounds the year before. There is no commercial production of hops in Denmark.

With the Danish entry into the European Community (EC) on January 1, 1973, U.S. exports of hops face gradually increasing trade barriers in the Danish market. The first transition to the EC's Common External Tariff of 9 percent ad valorem took place on January 1, 1974, with 40 percent of the full duty applicable. Thus, imports of U.S. hops will be charged a duty of 3.6 percent in 1974 while imports of hops from other EC countries will continue to enter duty free.

Portugal's Tomato Area Up 17 Percent But Production Climbs Only Slightly

Although Portugal increased the area under cultivation for processing tomatoes by about 17 percent, unfavorable weather, labor shortages, and disease prevented harvesting a record crop.

Raw tomato production is currently placed at 824,325 metric tons, compared to 813,658 metric tons last year. This rep-

resents an increase of only 1.3 percent.

Output of tomato paste totaled 155,000 metric tons, up 4.7 percent from that of 1972. The United States remains the largest customer for Portuguese tomato paste, accounting for 23,333 metric tons exported during the first 9 months of 1973. This compares with 18,757 metric tons exported during the same period of 1972.

Italy, a traditional competitor with Portugal in the world tomato paste market, purchased 4,865 tons of tomato paste from Portugal through September of this year.

Slight Area Boost Ups Yugoslavia's 1973 Hop Crop

Yugoslav hop production for 1973 is estimated at 11.7 million pounds, 8 percent above the 1972 harvest of 10.8 million pounds. Total hop area harvested in 1973 is placed at 9,884 acres, about 2 percent above the previous year. The quality of the 1973 hop crop is good owing to favorable weather during the summer months.

Yugoslav exports of hops in the 1972-73 marketing year amounted to 8,271,000 pounds, down 1 percent from the previous year's hop exports of 8,315,000 pounds. Yugoslavia's principal market was the United States with 4,364,000 pounds, 53 percent of the total.

Yugoslav imports of hops (including hop extract) also declined, totaling 2,271,000 pounds in the 1972-73 marketing year, compared with 2,668,000 pounds the year before. The main suppliers were West Germany and the United States.

Hops have been removed from Yugoslavia's "restricted imports" list and now may be imported freely. However, with a January-August 1973 average export price of 86 U.S. cents a pound for Yugoslav hops, there appears to be little incentive for Yugoslav brewers to substitute imports for domestic hops to any greater extent.

Spain's Hop Imports Decline

Spain's production of hops for 1973 has been placed at 5.3 million pounds, an increase of 15 percent over the 4.6 million pounds harvested the previous year. Acreage alloted to hops remained roughly the same as the previous year, at about 3,101 acres.

Total hop imports in the 1972-73 marketing year are estimated at 1.3 million pounds, including hop-extract equivalent. This represents a 32-percent decrease in imports from those recorded in 1971-72. According to the trade, there were no exports in calendar 1973.

France's 1973 Fruit Pack Seen Larger

France reports a larger 1973 canned deciduous fruit pack. Fresh fruit crops were good and production of all items was above that of last year. Apricots, cherries, and mixed fruits showed the largest gains while the clingstone peach crop was damaged by high wind before harvest.

Estimated 1973 packs (basis—cases of 24/2½'s), with 1972 totals in parentheses, are as follows: Mixed fruits, 1,274,000 (1,226,000); peaches, 539,000 (513,000); sweet cherries, 490,000 (301,000); pears, 245,000 (237,000); apricots, 220,000 (149,000); and sour cherries, 59,000 (52,000).

French consumption of canned fruit has increased significantly in recent years but still remains below that of major consuming countries. Apparent French per capita consumption of peaches was reported as being 0.7 pound in 1972, compared with 0.4 pound in 1969. Other important 1972 consumption levels were: Mixed fruit, 1 pound; apricots, 0.6 pound; and pears, 0.4 pound.

France remains a net importer of canned fruit. Calendar 1972 imports of apricots, peaches, pears and mixed fruit totaled 1,295,000 cases. Apricot imports were the largest, totaling 561,000 cases. Others were: Peaches, 345,000 cases; pears, 220,000 cases; and mixed fruits, 169,000 cases. Morocco was the largest supplier of apricots. Greece supplied the most peaches, and Italy, pears and mixed fruit.

Imports for the first 6 months of 1973 were larger than during the same period of 1972 for apricots and mixed fruit but smaller for peaches and only slightly smaller for pears. Greek supplies of apricots entering the French market during the first half of 1973 were almost double those for the entire 1972 calendar year.

French exports of canned fruits totaled 261,000 cases in calendar 1972. Mixed fruit was the largest item followed by peaches, pears, and apricots. The major markets were Germany and Belgium.

Jumps in Yield and Area Hike Spain's Tomato Crop

Spanish production of processing tomatoes rose by 17 percent in 1973, to reach a total of 480,000 metric tons. The increase is attributed to a 5-percent rise in cultivated acreage and a 13-percent gain in average yields.

Spain's total tomato pack is estimated at 174,000 metric tons, 5 percent above the 1972 pack. Canned tomato output rose by 29,000 metric tons, or 25 percent, to 142,000 metric tons. The tomato paste pack, however, is estimated at 25,000 metric tons, down 18,000 metric tons, 42 percent, from the previous year.

Output of tomato paste declined owing to unfulfilled production contracts by growers who sold their crops at higher prices for fresh consumption or to other canners at prices as much as 60 percent above existing contracts.

In the first 3 months of 1973, wages for unskilled field labor rose approximately 20 percent and wages for unskilled cannery labor rose an average of 18 percent. Other cost increases in imports occurred and, coupled with the short tomato paste pack, have resulted in sharp increases in market prices. A similar situation has been evident in a number of other producing countries in the Mediterranean area.

Spanish exporters feel confident that prices will remain strong during the balance of the marketing year. Spain's exports of tomato paste to the United States are expected to decline because of significantly higher prices.

Other Foreign Agriculture Publications

- World Trade in Poultry Meat Up Again in 1972; Eggs Down Slightly (FPE-2-73)
- Milk Production and Utilization in Principal Producing Countries, 1972 (FD-4-73)
- World Supply, Demand Situation (Cotton) (FC-28-73)
- The Colombian Cotton Situation (FC-29-73)

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MOROCCAN CITRUS OUTPUT ATTAINS NEW HIGH

Continued from page 8

eration is successful, greater quantities probably will be shipped in the future.

On the domestic market, consumption of fresh fruit is considered to be already at such a level that additional increases will be slow. ASPAM recently announced that the domestic marketing figure included about 120,000 tons of table oranges with another 100,000 tons going into processing. Another 40,000 tons of mandarins were reportedly withdrawn from consumption channels, mostly because of spotting.

In order to facilitate internal handling and marketing of citrus fruit a domestic marketing agency—Société de Commercialisation des Agrumes de Maroc (SOCAMAR)—began full operations in 1973. But most Moroccan citrus promotion efforts are directed to export markets, which is handled solely by OCE, working with ASPAM, the producers' organization. Many in the trade, however, believe that more integration of the industry would be advantageous.

OCE's recent efforts toward marketing improvement include: A new packaging institute, which was established in Casablanca in 1973, and encòuragement of new packing cooperatives.

In addition, joint ASPAM/OCE missions visited Europe, as well as the United States, recently to look into marketing prospects for Moroccan citrus.

Many observers say the Moroccan citrus industry will need direct Government assistance to expand export markets in view of competition in the European Community (EC) and higher costs of marketing from Morocco. Specific requests include new export facilities at Larache in the northwest to expedite citrus exports from that area, and new handling procedures, such as palletization, to make Moroccan fruit more readily acceptable at European ports.

As with fresh citrus, 90 percent of Moroccan processed citrus products go into export. As a result, production and prices largely are determined by the international market.

During the 1972-73 season, total output of the fruit juice industry was roughly 5.2 million gallons of juice from 111,500 tons of fresh fruit. Of this, 4.2 million gallons were single strength and 1 million concentrated.

Because of the high percentage of exports, mainly unsweetened juices to France, West Germany, and the Ivory Coast last season, prices for Moroccan citrus products depend on the success of foreign marketing efforts. The general concensus is that prices must be kept down if Morocco is to compete successfully in the European markets. Nevertheless both processors and growers are looking for higher prices this marketing season due to rising production costs.

The amount of Morocco's citrus crop that should go into processing is an unresolved issue. However, some in the trade believe that because of fresh fruit marketing problems, expanded processed production will result in a greater portion of the crop being processed. Although current citrus processing capacity is being only partially utilized, two companies reportedly are expanding their plants which may be limited to storage facilities.

—Based on report by ALVIN E. GILBERT
U.S. Agricultural Attaché, Rabat

New Zealand Tries Shock To Tenderize Lamb Meat

The Meat Industry Research Institute at Hamilton, New Zealand, has been experimenting with a method of using electrical shock on lamb carcasses during processing—a procedure said to tenderize the meat. The New Zealand Meat Producers Board is presently running trials on lambs at two freezing works with prospects for a third.

The basic premise is that electrical shock applied to the carcass soon after killing causes rigor mortis to set in faster, thereby producing less contraction and shortening of meat fibers and muscles, resulting in more tender muscle tissue. The economic impact would be a saving in the chill room area required, faster freezing of the product, a quicker turnover of stocks, supposedly saving meat freezing works considerable expense and lessening loss of carcass weights.

At present all lamb exported to the United States is undergoing a process of conditioning and aging before packing for the freezer. This takes up to 48 hours. Complaints of toughness in New Zealand lamb by the U.S. trade brought about the current conditioning and aging process.

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